



DEPARTMENT OF  
**COMMERCE**  
COMMUNITY AND  
ECONOMIC DEVELOPMENT

Regulatory Commission of Alaska

*Sean Parnell, Governor*  
*Emil Notti, Commissioner*  
*Robert M. Pickett, Chairman*

January 8, 2010

In reply refer to: Finance Section  
File: PC25-0409  
LO#: L0900641

Zenia Andy  
Utility Manager  
Ungusraq Power Company  
P.O. Box 5564  
Newtok, AK 99559

Dear Ms. Andy:

On January 7, 2010, the Commission approved updated **Permanent** PCE levels in cents per kilowatt-hour (¢/kWh) for Ungusraq Power Company (UPC), for the listed classes of customers as follows:

|     |        |
|-----|--------|
| All | 44.31¢ |
|-----|--------|

The revised PCE levels are due to Commission approval of UPC's Annual Update submitted on May 7, 2009. The new PCE levels are effective for billings rendered after January 7, 2010. For your reference, copies of the Commission Staff's recommendations and schedules are attached as an Appendix.

The Commission reminds UPC of its continued obligation under the PCE legislation to provide its customers with the notice specified in AS 42.45.120 or similar notice approved by the Alaska Energy Authority.

The Commission also reminds UPC of its obligation under 3 AAC 52.620 and 3 AAC 52.640 to notify the Commission of any change in its rates, surcharges, and/or efficiency of operation and advises UPC that failure to comply with those requirements could jeopardize its continued participation in the program.

If UPC believes that the calculation used to establish the PCE level in this Letter Order is incorrect, it should seek reconsideration setting forth why it believes the calculation is in error. Any reconsideration request must be submitted within 15 days of the date of this Letter Order.


Letter Order-UPC  
Page 2 of 2  
January 8, 2010

If you have any questions regarding the calculation of PCE levels, please contact Utility Financial Analyst John White at (907) 276-6222.

BY DIRECTION OF THE COMMISSION

Sincerely,

REGULATORY COMMISSION OF ALASKA

  
for Robert M. Pickett  
Chairman

cc: Jeffery Williams, Alaska Energy Authority

# STATE OF ALASKA

**DEPARTMENT OF COMMERCE,  
COMMUNITY & ECONOMIC DEVELOPMENT  
REGULATORY COMMISSION OF ALASKA**

**SEAN PARNELL, GOVERNOR**

701 WEST EIGHT AVENUE, SUITE 300  
ANCHORAGE, ALASKA 99501-3469  
PHONE: (907) 276-6222  
FAX: (907) 276-0160  
TTY: (907) 276-4533  
WEBSITE: <http://rca.alaska.gov>

DATE: January 8, 2010

INVOICE#: 25-0409

DATE DUE: February 7, 2010

Zenia Andy  
Utility Manager  
Ungusraq Power Company  
P.O. Box 5564  
Newtok, AK 99559

Fee for Commission Staff analysis and recommendations Re:

**FILE #: PC25-0409  
LO #: L0900641**

**Annual Update** under the Power Cost Equalization Program

|              |               |
|--------------|---------------|
| Amount Due : | <u>\$ 471</u> |
|--------------|---------------|

|                   |               |
|-------------------|---------------|
| TOTAL AMOUNT DUE: | <u>\$ 471</u> |
|-------------------|---------------|

MAKE CHECK PAYABLE TO: **STATE OF ALASKA**

PLEASE REMIT CHECK AND COPY OF THIS INVOICE TO:

**REGULATORY COMMISSION OF ALASKA  
701 W. 8<sup>TH</sup> AVE., SUITE 300  
ANCHORAGE, AK 99501-3469**

If you have any questions, please contact Joyce McGowan at (907) 263-2132 or  
[joyce.mcgowan@alaska.gov](mailto:joyce.mcgowan@alaska.gov).

-----  
**Ungusraq Power Company**

**FILE #: PC25-0409**

**Amount Due: \$ 471**

**LO #: L0900641**

**Check Number \_\_\_\_\_**

Please tear along dotted line and submit payment with bottom portion. Thank you.

**UNREGULATED UTILITY  
POWER COST EQUALIZATION MEMORANDUM**

Date: January 7, 2010

Date Due April 30, 2009

File No.: PC25-0409

Date Filed: May 7, 2009

Name of Utility: Ungusraq Power Company Cert. No. 375


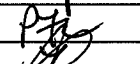
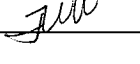


|  |  |
|--|--|
| <input checked="" type="checkbox"/> Annual Update<br><input checked="" type="checkbox"/> Fuel Cost Update<br><input type="checkbox"/> Base Rate Change<br><input type="checkbox"/> Other _____ | <input type="checkbox"/> COPA Review<br><input type="checkbox"/> Non-Fuel Cost Change<br><input type="checkbox"/> kWh Sales Change |
|--|--|

STAFF RECOMMENDATIONS: Approval of updated Permanent PCE levels (see attached memo)

| PCE LEVEL SUMMARY            | Previously<br>Approved         | Staff<br>Recommended |
|------------------------------|--------------------------------|----------------------|
| PCE LEVELS<br>(In Cents/kWh) | Date Approved:<br>July 1, 2009 |                      |
| All                          | 39.60¢                         | 44.31¢               |

Signed: Kevin AufDerHeide  Utility Financial Analyst

Commission decision re. this recommendation :

|          | Date (if different<br>from 1/7/10) | I Concur   | I Do Not<br>Concur | I Will Write A<br>Dissenting<br>Statement * |
|----------|------------------------------------|--|--------------------|---|
| Pickett  | _____                              | <u></u> | _____              | _____                                       |
| Giard    | _____                              | <u></u> | _____              | _____                                       |
| Lisankie | _____                              | <u></u> | _____              | _____                                       |
| Price    | _____                              | <u></u> | _____              | _____                                       |
| Wilson   | _____                              | <u></u> | _____              | _____                                       |

**Special Instructions to Staff:**

\* If this column is initialed, Staff will contact the Commissioner for the statement, otherwise, dissent will simply be noted at the close of the By Direction Letter or Order.

## **Memorandum**

TO: Robert Pickett, Chairman  
Kate Giard  
Paul Lisankie  
Anthony Price  
Janis Wilson

DATE: January 7, 2010

FROM: Kevin AufDerHeide  
Utility Financial Analyst

RE: Ungusraq Power Company  
(UPC) PC25-0409

## **Recommendations**

1. The updated PCE levels should be effective for billings rendered after January 7, 2010.
2. Approval should be: ☒ Permanent ☐ Interim
3. Standard reminder language for notice specifications, efficiency, rate changes, and fuel cost changes should be included in the By Direction Letter to the utility.

## **Background**

Ungusraq Power Company (UPC) filed their annual update of eligible costs on May 7, 2009, for the test year ending December 31, 2008 (FY08). Staff's contact for this filing was Ms. Katherine Charles, manager. Staff recommends acceptance of this filing with the following exceptions:

- 4 adjustments to non-fuel costs.
- 1 adjustment to gallons consumed

## **Summary**

After Staff proposed adjustments, UPC's total costs per kiloWatt-hour (kWh) have increased by 4.97 cents (¢) from prior annual approved costs of 55.80¢/kWh to 60.77¢/kWh (FY08). The increase is due to increased fuel costs per kWh. UPC's fuel efficiency has decreased from the prior test period level of 10.50 kWh/gallon adjusted to 9.69 kWh/gallon. Line losses increased from 2.86% in the prior test period to 4.19%. Staff's detailed analysis of this filing follows:

## Analysis

### Non-Fuel Costs

Total reported unadjusted non-fuel costs increased by \$23,577 from \$119,145 to \$142,702 (FY08). Staff reviewed UPC's non-fuel costs by category (**KSA-1**) noting the following:

Personnel Expenses increased \$18,746 from \$74,912 to \$93,658 (FY08). Staff noted that reported Employer Paid Taxes were significantly high at \$13,410 or 16.71% of total wages. After asking Ms. Charles about the high amount of taxes, Staff came to the conclusion that the employee's portion of payroll tax was included in the test balance. Staff recalculated employer payroll taxes as shown in **Schedule KSA-3** and recommends **Adjustment 1 (Appendix 2)** to decrease *Personnel Expenses* by \$6,288.

Operating Expenses increased \$14,989 from \$11,701 to \$26,690 (FY08). Staff noted the following:

Generator Oil expense of \$5,686 was significantly higher than prior test years and queried UPC for an explanation. Ms. Charles advised that the test balance represented a two-year's supply of lube oil. Because multi-year purchases are not expensed in the year purchased, but allocated to the test period in which they are used, Staff recommends reducing Lube Oil expense by \$2,843.

Generator Filter expense of \$2,086 was significantly higher than prior test years and queried UPC for an explanation. Ms. Charles advised that the test balance represented a two year's supply of filters. Because multi-year purchases are not expensed in the year purchased, but allocated to the test period in which they are used, Staff recommends reducing Generator Filter expense by \$1,043.

Generator Repairs/Maintenance expense of \$14,308 was significantly higher than prior test years and queried UPC for an explanation. Ms. Charles provided an explanation along with invoices and proof of payment. Staff considers these repairs to be a valid but extraordinary expense for UPC. Staff recommends normalizing this cost by placing \$14,308 on depreciation schedule **KSA-2** for amortization over a 5-year period beginning in FY08.

Based on the above discussion, Staff recommends **Adjustment 2 (Appendix 2)** to reduce Operating Expenses by \$18,194 which consists of a \$2,843 reduction in Generator Oil expense, \$1,043 reduction in Generator Filter expense, and a \$14,308 reduction in Generator Repairs/Maintenance expense.

General & Administrative Expenses decreased \$51 from \$12,178 to \$12,127 (FY08). Staff noted significant increases in Office Supplies (\$6,222) and queried UPC. Ms. Charles replied that \$3,052 of supplies were for a two year period. Because multi-year purchases are not expensed in the year purchased, but allocated to the test period in which they are used, Staff recommends Adjustment 3 (Appendix 2) to reduce Office Supplies expense by \$1,525.

Depreciation Expense decreased \$11,812 from \$20,354 to \$8,542 (FY08). After updating UPC's schedule of depreciation and amortization for current year additions and deletions, Staff recommends **Adjustment 5 (Appendix 2)** to decrease reported depreciation expense by \$1,085 to \$7,457. Staff's depreciation figure is smaller than that reported by UPC due to Staff's elimination of certain items whose depreciable life had expired, Staff also added some items.

Interest Expense increased from \$0 to \$1,685 (FY08). Staff asked Ms. Charles for an explanation and she provided documentation to support the reported amount. Staff considers the reported amount reasonable and recommends no adjustment.

### **Fuel Costs**

UPC submitted its most recent fuel cost update on November 13, 2009. This notice reflected a new fuel price per gallon of \$3.2132 for 44,910 gallons. Staff has included this data in its calculation of weighted average fuel price in **Appendix 2**.

### **Fuel Efficiency and Line Loss**

3 AAC 52.620(c)(1)(B) requires a minimum efficiency standard of 10.5 kilowatt-hours generated per gallon of diesel fuel consumed for utilities that use 80 percent or more diesel generation and generate between 100,000 to 499,999 kilowatt-hours annually. In the current test year, UPC's unadjusted efficiency measurement of 9.69 did not meet the established minimum efficiency standard. 3AAC 52.610(g)(1) states that total fuel cost is calculated by multiplying the price of fuel per gallon times the lesser of the actual number of gallons consumed or the number of gallons that would have been consumed had the utility achieved the above mentioned efficiency standard. Accordingly, Staff recommends **Adjustment 5 (Appendix 2)** to reduce the 41,908 reported gallons consumed by 3,235 to 38,673 gallons, the number of gallons needed to achieve efficiency standards.

**UNGUSRAQ POWER COMPANY****APPENDIX 1**

POWER COST EQUALIZATION CALCULATION  
FOR TEST PERIOD ENDING DECEMBER 31, 2008  
Annual Update & Fuel Cost Update

|  | PC25-0404L                      | PC25-0409                                  |
|--|---------------------------------|--|
|  | Prior<br>Commission<br>Approval | Utility<br>Request<br>Staff<br>Recommended |
| A. Total kWh Generated                               | 370,464                         | 406,056                                    |
| B. Total kWh Sold (Appendix 2)                       | 359,851                         | 389,029                                    |
| C. Total Non-Fuel Costs (Appendix 2)                 | \$119,145                       | \$142,702                                  |
| <b>D. Non-Fuel Cost/kWh (C / B)</b>                  | <b>\$0.3311</b>                 | <b>\$0.3668</b>                            |
| E. Total Fuel Costs (Appendix 2)                     | \$81,659                        | \$130,892                                  |
| <b>F. Fuel Costs/kWh (E / B)</b>                     | <b>\$0.2269</b>                 | <b>\$0.3365</b>                            |
| G. Eligible Costs/kWh (D + F)                        | \$0.5580                        | \$0.7033                                   |
| H. Eligible Cost/kWh (G)<br>less base rate in effect | \$0.4168                        | \$0.5621                                   |
| I. Lesser of (H) or 85.88 cents                      | \$0.4168                        | \$0.5621                                   |
| J. Average Class Rates (Appendix 3)                  |                                 |  |
| ALL  | \$0.5200                        | \$0.6588                                   |
| Class Power Cost Equalization<br>Per kWh Payable     |                                 |  |
| K. Lesser of: (I) x 95% or (J)                       |                                 |  |
| ALL  | \$0.3960                        | \$0.5340                                   |
| <b>L. Funding Level in Effect</b>                    | 100%                            | 100%                                       |
| ALL  | <b>\$0.3960</b>                 | <b>\$0.5340</b>                            |

PC25-0409  
Appendix 1



# UNGUSRAQ POWER COMPANY

## APPENDIX 2

SCHEDULE OF ELIGIBLE POWER COSTS, SALES, AND EFFICIENCY  
FOR TEST PERIOD ENDING DECEMBER 31, 2008  
Annual Update & Fuel Cost Update

|   | PC25-0404L                      |                  | PC25-0409            |                  |
|---|---------------------------------|------------------|----------------------|------------------|
|   | Prior<br>Commission<br>Approval | Per<br>Utility   | Staff<br>Adjustments | Per<br>Staff     |
| <b>Non-Fuel Costs:</b>  |                                 |                  |                      |                  |
| A. Personnel Costs  | 74,912                          | 93,658           | adj.#1 (6,288)       | 87,369           |
| B. Operating Expenses   | 11,701                          | 26,690           | adj.#2 (18,194)      | 8,496            |
| C. General & Administrative   | 12,178                          | 12,127           | adj.#3 (1,525)       | 10,602           |
| D. Depreciation/Amortization  | 20,354                          | 8,542            | adj.#4 (1,085)       | 7,457            |
| E. Interest Expense   | 0                               | 1,685            | 0                    | 1,685            |
| F. Other (Describe)   | 0                               | 0                | 0                    | 0                |
| <b>G. Total Non-Fuel Costs</b>  | <b>\$119,145</b>                | <b>\$142,702</b> | <b>(27,093)</b>      | <b>\$115,609</b> |
| <b>Fuel Costs:</b>  |                                 |                  |                      |                  |
| H. Gallons Consumed for<br>Electric Generation  | 35,282                          | 41,908           | adj.#5 (3,235)       | 38,673           |
| <b>I. Price of Fuel:(cts. per gal)<br/>Weighted Average</b>   | 2.3145                          | 3.1233           | 0                    | 3.1233           |
| <b>L. Total Cost of Fuel<br/>(I x J or K)</b>   | <b>\$81,659</b>                 | <b>\$130,892</b> |                      | <b>\$120,788</b> |
| M. kWh Generated  | 370,464                         | 406,056          | 0                    | 406,056          |
| N. kWh Sales  | 359,851                         | 389,029          | 0                    | 389,029          |
| O. Efficiency (M / H) <span style="float:right">Standard</span>   | 10.50                           | 9.69             | 0.81                 | 10.50            |
| P. Line Loss & Station Use <span style="float:right">12%</span><br>(kWh Generated - kWh Sold)/kWh Generated | 2.86%                           | 4.19%            | 0                    | 4.19%            |

PC25-0409  
Appendix 2

CALCULATION OF AVERAGE CLASS RATE PER kWh

Rate Schedule: **All**

| (1)<br>Block<br>(by kWh) | (2)<br>Rate<br>(\$/kWh) | (3)<br>Surcharge<br>(\$/kWh) | (4)<br>Total<br>(\$/kWh)<br>(2+3) | (5)<br>Total<br>\$<br>(1x4) | (6)<br>Avg.<br>(\$/kWh)<br>(5)/(1) | (7)<br>Avg. Rate<br>(\$/kWh) -<br>\$ 0.1412 |
|--------------------------|-------------------------|------------------------------|-----------------------------------|-----------------------------|------------------------------------|---|
| 0 to 500                 | 0.8000                  |                              | 0.8000                            | 400.0000                    |                                    |   |
| to                       |                         |                              |                                   |                             |                                    |   |
| to                       |                         |                              |                                   |                             |                                    |   |
| to                       |                         |                              |                                   |                             |                                    |   |
| <b>Max</b> 500           |                         |                              | <b>Total</b>                      | <b>400.0000</b>             | <b>0.8000</b>                      | <b>0.6588</b>                               |

Rate Schedule:

| (1)<br>Block<br>(by kWh) | (2)<br>Rate<br>(\$/kWh) | (3)<br>Surcharge<br>(\$/kWh) | (4)<br>Total<br>(\$/kWh)<br>(2+3) | (5)<br>Total<br>\$<br>(1x4) | (6)<br>Avg.<br>(\$/kWh)<br>(5)/(1) | (7)<br>Avg. Rate<br>(\$/kWh) -<br>\$ 0.1412 |
|--------------------------|-------------------------|------------------------------|-----------------------------------|-----------------------------|------------------------------------|---|
| 0 to                     |                         |                              |                                   |                             |                                    |   |
| to                       |                         |                              |                                   |                             |                                    |   |
| to                       |                         |                              |                                   |                             |                                    |   |
| to                       |                         |                              |                                   |                             |                                    |   |
| <b>Max</b> 500           |                         |                              | <b>Total</b>                      |                             |                                    |   |

Rate Schedule:

| (1)<br>Block<br>(by kWh) | (2)<br>Rate<br>(\$/kWh) | (3)<br>Surcharge<br>(\$/kWh) | (4)<br>Total<br>(\$/kWh)<br>(2+3) | (5)<br>Total<br>\$<br>(1x4) | (6)<br>Avg.<br>(\$/kWh)<br>(5)/(1) | (7)<br>Avg. Rate<br>(\$/kWh) -<br>\$ 0.1412 |
|--------------------------|-------------------------|------------------------------|-----------------------------------|-----------------------------|------------------------------------|---|
| 0 to                     |                         |                              |                                   |                             |                                    |   |
| to                       |                         |                              |                                   |                             |                                    |   |
| to                       |                         |                              |                                   |                             |                                    |   |
| to                       |                         |                              |                                   |                             |                                    |   |
| <b>Max</b> 500           |                         |                              | <b>Total</b>                      |                             |                                    |   |

Rate Schedule:

| (1)<br>Block<br>(by kWh) | (2)<br>Rate<br>(\$/kWh) | (3)<br>Surcharge<br>(\$/kWh) | (4)<br>Total<br>(\$/kWh)<br>(2+3) | (5)<br>Total<br>\$<br>(1x4) | (6)<br>Avg.<br>(\$/kWh)<br>(5)/(1) | (7)<br>Avg. Rate<br>(\$/kWh) -<br>\$ 0.1412 |
|--------------------------|-------------------------|------------------------------|-----------------------------------|-----------------------------|------------------------------------|---|
| 0 to                     |                         |                              |                                   |                             |                                    |   |
| to                       |                         |                              |                                   |                             |                                    |   |
| to                       |                         |                              |                                   |                             |                                    |   |
| to                       |                         |                              |                                   |                             |                                    |   |
| <b>Max</b> 500           |                         |                              | <b>Total</b>                      |                             |                                    |   |

# Ungusraq Power Company

|   |               |                              |           |                      |                      |
|---|---------------|------------------------------|-----------|----------------------|----------------------|
| Beginning Fuel Inventory  | 5,000         |                              |           |                      |                      |
| Last Approved Fuel Cost/Gal.  | 2.3145        |                              |           |                      |                      |
| Beginning Fuel Inventory in Gallons   | X             | Last Approved Fuel Cost/Gal. | =         | Beginning Fuel Inven | \$ 11,572.50         |
| Reporting Period Purchases  | 07/26/09      | 45,000.00                    | \$ 3.2132 |                      | \$ 144,594.00        |
|   |               |                              |           |                      |                      |
|   |               |                              |           |                      |                      |
|   |               |                              |           |                      |                      |
|   |               |                              |           |                      |                      |
|   |               |                              |           |                      |                      |
|   |               |                              |           |                      |                      |
|   |               |                              |           |                      |                      |
|   |               |                              |           |                      |                      |
|   |               |                              |           |                      |                      |
| Totals for Reporting Period Purchases on this sheet:                            | 45,000        |                              |           |                      | \$ 144,594.00        |
| Grand Totals (beginning inventory plus purchases)                               | <u>50,000</u> |                              |           |                      | <u>\$ 156,166.50</u> |
| Total Cost for Reporting Period divided by Total Gallons for Reporting Period = |               |                              |           |                      | <u>\$ 3.2132</u>     |
| Grand Total Cost divided by Grand Total Gallons =                               |               |                              |           |                      | \$ 3.1233            |

**PC25-0409**  
**Schedule KSA-1**

| Test Year                     | 2002             | 2003             | 2008           |               |                 |                   |                  |
|-------------------------------|------------------|------------------|----------------|---------------|-----------------|-------------------|------------------|
|                               | Amended Expenses | Amended Expenses | Utility Filing | Variance      |                 | Staff Adjustments | Amended Expenses |
|                               |                  |                  |                | \$            | %               |                   |                  |
| Personnel Costs               |                  |                  |                |               |                 |                   |                  |
| Total Compensation            | 58,223           | 67,214           | 80,248         | 13,034        | 19.39%          | 0                 | 80,248           |
| Employer Paid Taxes           | 6,707            | 7,699            | 13,410         | 5,711         | 74.19%          | (6,288)           | 7,121            |
| Workers' Comp                 | 0                | 0                | 0              |               |                 |                   | 0                |
| <b>Total Personnel Costs</b>  | <b>64,930</b>    | <b>74,912</b>    | <b>93,658</b>  | <b>18,746</b> | <b>25.02%</b>   | <b>(6,288)</b>    | <b>87,369</b>    |
| Operating Expenses            |                  |                  |                |               |                 |                   |                  |
| Generator Oil                 | 3,133            | 0                | 5,686          | 5,686         | 100.00%         | (2,843)           | 2,843            |
| Generator Filters             | 464              | 793              | 2,086          | 1,293         | 162.96%         | (1,043)           | 1,043            |
| Generator Repairs/Maintenance | 4,667            | 5,575            | 14,308         | 8,733         |                 | (14,308)          | 0                |
| Tools                         | 1,431            | 3,848            | 547            | (3,301)       | (85.79%)        |                   | 547              |
| Equipment Rental              | 0                | 0                | 0              |               |                 |                   |                  |
| Other                         | 3,380            | 1,485            | 4,063          | 2,578         | 173.59%         | 0                 | 4,063            |
| <b>TOTAL</b>                  | <b>13,075</b>    | <b>11,701</b>    | <b>26,690</b>  | <b>14,989</b> | <b>128.10%</b>  | <b>(18,194)</b>   | <b>8,496</b>     |
| General and Administrative    |                  |                  |                |               |                 |                   |                  |
| Outside Professional Services | 0                | 0                | 0              |               |                 | 0                 | 0                |
| Insurance                     | 6,638            | 6,882            | 5,905          | (977)         | (14.19%)        | 0                 | 5,905            |
| Office Supplies               | 4,800            | 4,095            | 6,222          | 2,127         | 51.93%          | (1,525)           | 4,697            |
| Postage                       | 0                | 0                | 0              |               |                 |                   |                  |
| Office Rent                   | 0                | 0                | 0              |               |                 |                   |                  |
| Travel                        | 360              | 0                | 0              |               |                 | 0                 | 0                |
| Training                      | 0                | 0                | 0              |               |                 |                   |                  |
| Bad Debt Expense              | 0                | 0                | 0              |               |                 |                   |                  |
| RCA Fees                      | 0                | 0                | 0              |               |                 |                   |                  |
| Other                         | 2,303            | 1,201            | 0              | (1,201)       | (100.00%)       |                   | 0                |
| <b>TOTAL</b>                  | <b>14,100</b>    | <b>12,178</b>    | <b>12,127</b>  | <b>(51)</b>   | <b>(62.26%)</b> | <b>(1,525)</b>    | <b>10,602</b>    |
| Interest                      | 457              | 0                | 1,685          | 1,685         | 100.00%         | 0                 | 1,685            |
| Depreciation                  | 13,826           | 20,354           | 8,542          | (11,812)      | (58.03%)        | (1,085)           | 7,457            |
| <b>TOTAL NON-FUEL COSTS</b>   | <b>106,388</b>   | <b>119,145</b>   | <b>142,702</b> | <b>23,556</b> | <b>19.77%</b>   | <b>(27,093)</b>   | <b>115,609</b>   |
| kWh Generated                 | 375,448          | 370,464          | 406,056        | 35,592        | 9.61%           | 0                 | 406,056          |
| kWh Sold                      | 362,445          | 359,851          | 389,029        | 29,178        | 8.11%           | 0                 | 389,029          |
| Gallons Consumed              | 36,398           | 35,282           | 41,908         | 6,626         | 18.78%          | (3,235)           | 38,673           |
| Efficiency                    | 9.96             | 10.50            | 9.69           | (0.81)        | (7.72%)         | 0.81              | 10.50            |
| Line Loss                     | 3.25%            | 2.86%            | 4.19%          | 1.33%         | 46.37%          | 0                 | 4.19%            |

PC25-0409  
KSA-2

# UNGUSRAQ POWER COMPANY

## DEPRECIATION SCHEDULE

FOR TEST YEAR ENDING: December 31, 2008

Schedule KSA-3

Page 1 of 1

| Asset                          | In-service<br>Year | Cost          | Life | Accum<br>Dep<br>01/01/08 | Book<br>Value<br>1/1/2008 | 2008<br>Depreciation | Accum<br>Dep<br>12/31/2008 | Book<br>Value<br>12/31/2008 |
|--------------------------------|--------------------|---------------|------|--------------------------|---------------------------|----------------------|----------------------------|-----------------------------|
| Plant Capitalization           | 1991               | 6,894         | 25   | 3,308                    | 3,586                     | 276                  | 3,584                      | 3,310                       |
| Office Building                | 1993               | 16,000        | 30   | 5,289                    | 10,711                    | 533                  | 5,822                      | 10,178                      |
| 15V Transformers (2)           | 1997               | 4,795         | 20   | 1,319                    | 3,476                     | 240                  | 1,559                      | 3,237                       |
| Monitor 441                    | 1999               | 1,591         | 10   | 557                      | 1,034                     | 159                  | 716                        | 875                         |
| Generator & Fuel Tanks & Labor | 2000               | 32,076        | 14   | 5,728                    | 26,348                    | 2,291                | 8,019                      | 24,057                      |
| Street lights                  | 2001               | 285           | 20   | 21                       | 264                       | 14                   | 36                         | 249                         |
| Radiator                       | 2001               | 3,997         | 14   | 428                      | 3,569                     | 286                  | 714                        | 3,283                       |
| Topp Meters                    | 2001               | 545           | 20   | 41                       | 504                       | 27                   | 68                         | 477                         |
| Tag-A-Long Trailer             | 2001               | 1,698         | 10   | 255                      | 1,443                     | 170                  | 425                        | 1,274                       |
| GE Microwave                   | 2001               | 205           | 10   | 31                       | 174                       | 21                   | 51                         | 154                         |
| Redder Heater                  | 2001               | 169           | 10   | 25                       | 144                       | 17                   | 42                         | 127                         |
|                                |                    | <u>68,255</u> |      | <u>70,498</u>            | <u>76,558</u>             | <u>4,033</u>         | <u>21,035</u>              | <u>47,221</u>               |

### Amortization of Extraordinary Costs

| Asset                           | In-service<br>Year | Cost          | Life | Accum<br>Amort<br>01/01/08 | Book<br>Value<br>1/1/2008 | 2008<br>Amortization | Accum<br>Amort<br>12/31/2008 | Book<br>Value<br>12/31/2008 |
|---------------------------------|--------------------|---------------|------|----------------------------|---------------------------|----------------------|------------------------------|-----------------------------|
| 10 KVA Transformer              | 1996               | 880           | 20   | 308                        | 572                       | 44                   | 352                          | 528                         |
| TOPP Meters                     | 1998               | 978           | 20   | 220                        | 758                       | 49                   | 269                          | 709                         |
| Garage                          | 1998               | 2,500         | 30   | 375                        | 2,125                     | 83                   | 458                          | 2,042                       |
| Dock Repairs - (Fuel)           | 1999               | 879           | 15   | 205                        | 674                       | 59                   | 264                          | 615                         |
| Generator Installation Expenses | 1999               | 1,178         | 14   | 295                        | 884                       | 84                   | 379                          | 799                         |
| Roof Panels (freight & labor)   | 1999               | 1,157         | 30   | 135                        | 1,022                     | 39                   | 174                          | 984                         |
| Guide Wire Repairs              | 1999               | 4,158         | 25   | 582                        | 3,576                     | 166                  | 748                          | 3,410                       |
| Meters                          | 2003               | 760           | 20   | 190                        | 570                       | 38                   | 228                          | 532                         |
| Generator Repair                | 2008               | 14,308        | 5    | -                          | 14,308                    | 2,862                | 2,862                        | 11,447                      |
|                                 |                    | <u>26,798</u> |      | <u>2,310</u>               | <u>24,488</u>             | <u>3,424</u>         | <u>5,733</u>                 | <u>21,065</u>               |
| TOTAL                           |                    | <u>95,054</u> |      | <u>72,808</u>              | <u>101,046</u>            | <u>7,457</u>         | <u>26,768</u>                | <u>68,286</u>               |

Total Depreciation & Amortization

7,457

Per utility

8,542

Adjustment

(1,085)

# UNGUSRAQ POWER COMPANY

Schedule KSA-4

Recalculation of Employer Payroll Taxes  
For Test Year Ending December 31, 2008

|                    | ER Rates    | 6.20%    | 1.45%    | 0.80% | 2.96%  | 11.41%       |
|--------------------|-------------|----------|----------|-------|--------|--------------|
|                    | Base        | 102,000  |          | 7,000 | 31,300 |              |
|                    | Gross Wages | FICA     | Medicaid | FUTA  | ESC    | Total ER Tax |
| Total Compensation | 80,247.76   | 4,975.36 | 1,163.59 | 56.00 | 926.48 | 7,121.43     |
|                    | -           | -        | -        | -     | -      | -            |
|                    | -           | -        | -        | -     | -      | -            |
|                    | 80,247.76   | 4,975.36 | 1,163.59 | 56.00 | 926.48 | 7,121.43     |
| Reported P/R Taxes |             |          |          |       |        | 13,409.91    |
| Difference         |             |          |          |       |        | (6,288.48) * |

\* Staff's calculation is the maximum possible employer payroll tax. Reported amount appears to include the employees portion as well.